

Business

Simon Freakley: The suave restructuring whiz putting out corporate fires and picking up millions

JIM ARMITAGE | Friday 3 March 2017 12:47 | 0 comments

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The Evening Standard



Simon Freakley says his work is more than just "providing a decent burial" (Paul Dallimore)

When Red Adair was asked how he justified his legendary charges for

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The quote comes to mind when Simon Freakley, uber-smooth boss of restructuring group AlixPartners, explains how he charges what he does for the work of his corporate Red Adairs.

Helicopterred in to the burning well-heads of troubled companies around the world, Alix executives can bill a cool £8000 a day.

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That was how much Alix troubleshooter Pippa Wicks charged at the troubled Co-op supermarket group.

Says Freakley: "This is massively difficult, incredibly complicated and time-consuming work. The headline numbers might seem surprising but when you look at the work we do and benchmark it against other consulting firms, it's really not."

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In other words: pay peanuts, get monkeys. Slim, elegant and cultured, Freakley is no monkey. His words emerge in measured, structured sentences like a barrister's.

Staff call his commands "Simon Say's". They often include the demand to be "laser-focused". His own brain clearly operates at a level of sharpness.

We meet at the offices of one of his charities, London Music Masters, which teaches music to inner city kids.

Slinging his jacket over the back of a chair, the tall son of a Potteries boatbuilder tells how he has navigated the rapids of a frenetic career in corporate restructuring. A career which just saw the latest of several restructurings of his own business.

He started at Arthur Andersen after Birmingham University, and at just 34 was running the Buchler Phillips partnership.

A former colleague there says it was a "second-tier insolvency firm". But when Freakley took over in 1995 he brought in new clients including US car-parts giant Federal-Mogul, which got the firm noticed on the world stage.

Three years later, when he was on a two-week course at Harvard, a friend asked him to swing by New York and meet legendary private investigator Jules Kroll.

Having earned his name tracing the Marcos millions and Saddam's oil riches, Kroll was riding tall.



But he wanted more. “We went to an Italian in Manhattan,” Freakley recalls, “and over dinner, he asked if he could buy our firm.”

A year later, the deal was done. Freakley went on to become chief executive, moving to New York to run the multinational, Nasdaq-quoted empire.

Kroll’s successes tempted insurance broker Marsh & McLennan to buy it in 2004. It paid \$1.9 billion (£1.5 billion) just months before Eliot Spitzer, the New York attorney general later famed for a call-girls scandal, accused Wall Street’s megabrokers of colluding to rig bids.

The probe left Marsh having to push through a turnaround plan of its own. As part of it, Freakley bought out the group’s restructuring business, Zolfo Cooper Europe.

Moving back to London, he worked on collapsed Yellow Pages business Hibu, fraud-ridden Lithuanian bank Snoras (a job requiring 24-hour armed security) and Stemcor, the metals trader run by the family of former Public Accounts Committee terror Margaret Hodge.

In 2014, AlixPartners, a US-based turnaround consultancy founded by accountant Jay Alix, asked if he was interested in selling. He was, and the \$100 million proceeds were divvied up between 23 partners.

He blusters when asked, but it was clearly a multi-million-dollar payday. For the third time in his career, his name was being etched into the brass plate of the CEO’s office, and he was heading back to New York.

But the deals weren’t over. Alix’s private-equity backer CVC soon started itching for an exit. A flotation was an option but, having run a Plc before with Kroll, Freakley was not keen.

“Being on the market while I was at Kroll was a restriction,” he says. “These clever analysts in the City are obsessed with every quarter’s figures. It’s just not very helpful.”

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years. So the deal, completed in January, means Freakley's career might finally be in for a more stable time.

His personal life is taking a calmer turn, too. Having married at 47, the opera lover now has a six-year-old and a two-year-old.

Jules Kroll beams: "My granddaughter was born on the same day as they heard they were able to adopt their first child. They were at my house when they got the call and rushed off to meet their new arrival."

Freakley met his wife, Meg Reiss, when she was heading Kroll's investigations team. She later returned to her old career prosecuting homicide cases in New York. "I'd get home to find her poring over photos of murder scenes on the lounge carpet, trying to work out what had happened," Freakley grimaces.

The family live in Greenwich Village; the only non-US citizens in the house, he says, are "me and my basset-hound". They sound like classic New York liberals. Their elder child is at a primary school that closed on the day of Trump's victory to offer counselling to kids and parents.

Living between New York and London, Freakley has witnessed the rise of populist politics on both sides of the Atlantic.

"In New York, we were in a bubble, just like in London. But you go out to Detroit and you see shops are shuttered, places chained up and vacant," he says. "People were fed up and wanted a change. They wanted to give it a try with Trump. I guess that's the same here [with the EU referendum] and the same in many European countries."

Alix is currently working "flat out" with clients, particularly in the financial sector, worried about how to structure their businesses post-Brexit. So, which industries will need restructuring next?

"Retail will be a continuing feature," Freakley says. "But there are others about to come into significant disruption: power is a big one. How we generate energy is



automated vehicles.”

Much of what Alix does is helping firms stay out of trouble by preparing for such changes, rather than wait until it strikes, he adds. Other firms do similar work: FTI, Deloitte, Alvarez & Marsal, for example. How does Alix differ?

Freakley says it tends to send in smaller but more senior teams, rather than a few bigwigs supported by junior teams.

One former employee accuses the company of withdrawing from the UK regions and focusing on bigger-ticket work in London. Freakley says that while he's shut the Leeds branch, he has no plans to close other regional UK bases; the rent's cheaper up north for starters.

But he clearly sees the future in big consultancy jobs rather than mom 'n' pop administrations.

The industry is changing. Clients are not the regional High Street bank branches of old, who've lent to local businesses in difficulty. Now, it's hedge funds, specialist capital providers and private-equity players that need Alix's help.

They're all based in London and want far more complex work than simple mid-market administrations.

Lingerie chain Agent Provocateur is a good example. Owner 3i hired Alix to restructure it amid “accounting issues” and a sales slowdown. That involved multiple skills to work out what had happened and, yesterday, putting the firm into administration and lining up a buyer — Sports Direct's Mike Ashley.

As Freakley says. “The work's not just about providing a decent burial any more.”

Philip Duffy of restructuring group Duff & Phelps describes him as “one of the most highly regarded restructuring executives in the world”.

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Sanderson remarried relatively recently and had a stag weekend in Dublin. "Simon was living in New York, but he flew out for the stag on the Saturday and flew back on Sunday morning. Beyond the call of duty."

These days, Freakley spends his time running the company rather than doing client work. "I quite miss the adrenaline rush of those early days when you are sent in to fight the fires," he admits.

Ah, well. At least, with Alix's fee income now \$1 billion a year, the firefighting business still pays well. Red Adair would be proud.

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